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INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
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RUEHAC/AMEMBASSY ASUNCION 6628
RUEHMN/AMEMBASSY MONTEVIDEO 6837
RUEHSG/AMEMBASSY SANTIAGO 0839
RUEHBR/AMEMBASSY BRASILIA 6505
RUEHPE/AMEMBASSY LIMA 2186
RUEHBO/AMEMBASSY BOGOTA 1657
RUEHLP/AMEMBASSY LA PAZ OCT CARACAS 1545
RUEHMD/AMEMBASSY MADRID 1923
RUEHMT/AMCONSUL MONTREAL 0032

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SENSITIVE

AMCONSUL MONTREAL FOR US MISSION TO ICAO LAURA FAUX-GABLE
FAA NATIONAL HQ FOR CECILIA CAPESTANY
TSA HQ FOR KIP HAWLEY AND JILLENE MACCRERRY

SIPDIS
PASS NSC FOR MICHAEL SMART
TRANSPORTATION FOR BRIAN HEDBERG
COMMERCE FOR EUGENE ALFORD
TREASURY FOR MATT MALLOY
PASS FED BOARD OF GOVERNORS FOR PATRICE ROBITAILLE
US SOUTHCOM FOR POLAD

E.O. 12958: N/A

TAGS: FAIR PGOV ECON EFIN KCOR ICAO AR
SUBJECT: "Brinks Job" Theft at Argentina Airport: Another Black Eye
for Argentina

Ref: (A) Buenos Aires 1947, (B) Buenos Aires 1629

¶1. (SBU) Summary: The October 4 United Airlines flight from Washington to Buenos Aires was the scene of a highly publicized theft of \$80,000 in cash, stolen within a U.S.-based Brinks container, part of a larger U.S. Federal Reserve Bank transfer to the Central Bank of Argentina. Government of Argentina (GOA) airport police immediately executed a court-sanctioned search of the Argentine ground handling company, Intercargo, suspected of involvement. The search of hundreds of employee lockers turned up a large cache of jewelry, watches, cash, and electronic goods, all presumably stolen from other flights - but not the missing \$80,000. In protest of this "arbitrary and unlawful" search, Intercargo employees staged a six-hour strike that same afternoon, affecting some 5,000 passengers and dozens of domestic and international flights. Two Intercargo employees were detained, and granted bail on October 9. There is no/no U.S. Government jurisdiction in this case. As of October 11, the money has still not been recovered. This incident adds to a long list of alleged incidents at Buenos Aires's two airports, and highlights the poor GOA airport intra-agency coordination. While top airport security officials have publicly spoken out about the severe problems, unfortunately, this embarrassing episode will probably be soon forgotten. We are skeptical about any likely consequences in terms of punishment or improved security procedures. Ambassador will be meeting October 22 with the airport security police chief to seek his views on this and other airport security issues. Embassy is also considering approaching the MFA and other relevant ministries to flag concerns about the pattern of thefts from travelers. End summary.

Brazen cash robbery

¶ 12. (SBU) According to the Federal Reserve and GOA contacts, this U.S. Fed-Argentine Central Bank was a routine transfer. Media reports estimate that it totaled about \$350 million. Soon after this Washington-to-Buenos Aires flight landed, GOA customs officials detected an enormous gash in the container holding the cash. GOA customs also provided Post photographs of the damage. The cash reportedly was bundled in a series of smaller boxes, and customs and media reported that one of these, containing \$80,000, was stolen. GOA officials also confirmed to Post that the money had been stolen in Buenos Aires, and not in Washington, basing this conclusion on reports from the Federal Reserve and Brinks, sent to GOA customs, confirming that the cargo was intact when it left Washington. The United Airlines country manager independently confirmed this sequence of events, and also privately expressed "surprise" at the "low level" of security and protection to safeguard delivery of so much currency. He hazarded a guess that the reason "only" \$80,000 was stolen was that the robber might have had very little time to steal, and had to make a quick getaway. By late morning of October 4, this theft was already widely reported.

State-Owned Ground Handling Company Intercargo Fingered

¶ 13. (SBU) According to the Airport Security Police (PSA), Embassy contacts, and media reports, employees from Intercargo were immediately suspected of the crime. GOA Customs also determined that Intercargo agents had been the first people to enter the plane. Intercargo is the GOA-owned ground handling company jointly controlled by the Ministries of Defense and Economy, with a notorious reputation for its employees stealing valuable items from passengers' checked-in baggage. Post contacts have long complained about Intercargo, in terms of its theft, as well as their high price and poor service. Most airlines, domestic and international, are forced to use this monopoly.

Search of employees' lockers unveils a "duty free shop" of stolen goods - but no \$80,000

¶ 14. (SBU) The PSA soon performed a court-sanctioned search of about 450 Intercargo employee lockers and desks at the airport. Although the missing \$80,000 was not recovered (and still has not been as of October 11), a large quantity of high-value items - the media called it a "duty free shop" of high-value goods - jewelry, watches, cash, cameras, electronic goods, perfume, alcohol and wallets, likely stolen from passengers' baggage - was reportedly found. As a result, twelve Intercargo employees were temporarily detained and will reportedly face charges of theft.

Intercargo employees react with strike, paralyzing flights

¶ 15. (SBU) Responding to the PSA raid, outraged Intercargo employees and its union staged an immediate strike, beginning at about 2 pm on Thursday, October 4, affecting some 5,000 passengers and dozens of domestic and international flights, in Ezeiza, Buenos Aires-based Aeroparque airport, and in the second largest city of Cordoba, until a Ministry of Labor-mandated mediation order restored employees to their work at about 8 pm. The strike caused follow-on delays to continue until the following day. As strange as it might sound, Intercargo employees and its union expressed outrage about this court-approved search of employee lockers, and complained of PSA's "arbitrary treatment and human rights abuses," and that PSA contained agents whose ranks included "agents from the former military dictatorship."

Two Intercargo employees detained, later granted bail; Intercargo a "criminal organization"

¶ 6. (SBU) Two Intercargo employees, accused of the theft, remained detained until October 9, being granted bail for about \$7,500 each. One of those detained is reportedly known as "the Surgeon," noted in media reports for his skill in carving out valuable items from checked baggage. According to these same Post contacts (and reftel B), many Intercargo employees have criminal records and constitute a "mafia" that most GOA law enforcement and aviation officials are reluctant or ill-equipped to confront.

¶ 7. (U) In the wake of this robbery, top officials of the PSA described Ezeiza airport as being controlled by a "criminal organization," dedicated to "stealing valuables, and composed of well-organized groups." PSA chief Marcelo Sain, in rare interviews, was uncharacteristically explicit and forceful: "this is a case of theft, pure and simple," in response to which "Intercargo is drumming up a campaign of PSA persecution against its employees." He said that theft and the subsequent discovery of valuables in Intercargo employees' lockers all indicated that "these were not the actions of a few individuals, but of a highly organized group." This is the first time since the force's creation in 2005 that PSA officials have spoken out so clearly on these problems.

No U.S. jurisdiction

¶ 8. (SBU) According to U.S. and GOA law enforcement officials, there is no/no U.S. jurisdiction in this matter, as Brinks took possession and legal responsibility for this money from the U.S. Federal Reserve in the United States on October 3. Brinks has the responsibility for the money's delivery - and its insurance - for any such losses.

Case joins long list of alleged infractions at "mafia" airport,
including PSA and others

¶ 9. (SBU) This case joins a long list of similar cases of theft and malfeasance at Argentina's major airports. These incidents have taken a heavy toll on Argentina's image in terms of tourism, trade and investment. As discussed in ref A, Argentina was rudely reminded last week of its poor international standing in terms of corruption and business-friendly environment. Airport employee thefts are regularly reported in the media. In 2007 alone, a partial list of infractions includes 20 employees from PSA, 31 from Intercargo, 17 from private security firms, 13 from Customs and one from Immigration. In August, a popular television investigative report, with the help of a hidden camera, showed employees from Intercargo and a private security company, while ostensibly inspecting baggage passing through scanners, identifying and stealing high-value contents. On October 9, the most recent episode, and five days after this theft of \$80,000, three more private security employees at the Buenos Aires Aeroparque airport were caught stealing from the contents of bags.

Highlights poor GOA coordination at international airport

¶ 10. (SBU) Airport users have long complained about the entire structure of Ezeiza International Airport (reftel B), charging disorganization, poor and pricy services, overcrowding, strike-prone unions, and theft. Argentina's aviation structure is plagued with a hodgepodge of competing GOA agencies exercising authority. The Ministries of Defense, Interior, Planning and Economy all exercise some aspect of control: civil aviation oversight, airport police, Intercargo customs and immigration. In addition, the nominally independent National Airports Regulator oversees the airports concessionaire Aeropuertos Argentina 2000. All these airport entities have long been the subject of complaints for infighting and lack of cooperation.

Comment: A common occurrence with likely no consequence; Ambassador to seek

¶11. (SBU) Unfortunately, this event is such a normal occurrence here that, a few days after the event and initial media coverage, interest has already waned. The two Intercargo employee suspects have been granted bail, and absent hard evidence (finding the missing \$80,000), what will likely play out is a lengthy and fruitless legal process. The suspects may well escape punishment. It remains to be seen if there will be increased GOA airport security measures. This latest crime case will likely amount to just one more of a thousand cuts to Argentina's already damaged

reputation in terms of rule of law, security, and tourism. Ambassador's October 22 meeting with PSA chief Sain will focus on this case and other airport security concerns, especially as they relate to the protection of visiting American citizens. Unless Washington sees reason not to do so, Ambassador will seek other opportunities with senior officials in the Foreign Affairs, Interior, Economy and Defense Ministries to raise concerns about this pattern of thefts which affect U.S. travelers, among others. End comment.

WAYNE